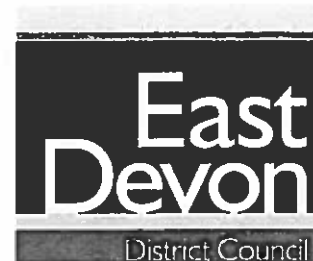


Date: 16 March 2010
Contact name: 01395 517544/517540
Contact number: Chris Lane
E-mail: clane@eastdevon.gov.uk



To: Members of the Overview/Scrutiny - Economy Committee
(Councillors: Iain Chubb, Trevor Cope, Malcolm Florey,
Graham Godbeer, Ben Ingham, John Jeffery, Stuart Luxton,
Bob Peachey, Tim Wood, Steve Wragg).
Other Members of the Council for information
Chief Executive
Corporate Directors
Economic Development Manager

East Devon District Council
Knowle
Sidmouth
Devon
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Dear Sir/Madam

Overview/Scrutiny – Economy Committee, Thursday 25 March 2010 at 6.30pm

The above Special meeting will be held in the Council Chamber, Knowle, Sidmouth, to consider the matters detailed on the agenda below.

Visitors please note that the doors to the civic suite (meeting rooms) will be opened ¼ hour before the start time of the meeting. Councillors are reminded to bring their key fobs if they wish to access the area prior to that time.

Yours faithfully

MARK WILLIAMS

Chief Executive

Members of the public are welcome to attend this meeting.

- A period of 15 minutes has been provided to allow members of the public to raise questions.
- All individual contributions will be limited to a period of 3 minutes – where there is an interest group of objectors or supporters, a spokesperson should be appointed to speak on behalf of group.
- The public is advised that the Chairman has the right and discretion to control questions to avoid disruption, repetition and to make best use of the meeting time.
- In addition, the public may speak on items listed on the agenda. After a report has been introduced by the relevant Portfolio Holder and/or officer, the Chairman (Leader of the Council) will ask if any member of the public would like to speak in respect of the matter and/or ask questions.

A hearing loop system will be in operation in the Council Chamber.

AGENDA

1. **Public question time** – standard agenda item (15 minutes)
Members of the public are invited to put questions to the Committee through the Chairman. The process is set out on the front of the agenda.

Councillors also have the opportunity to ask questions of the Chairman and/or Portfolio Holders during this time slot whilst giving priority at this part of the agenda to members of the public.

2. To confirm the minutes of the meeting of the Overview/Scrutiny – Economy Committee held on 25 February 2010. 4 - 7
3. To receive any apologies for absence.
4. To receive any declarations of interests relating to items on the agenda.
5. To consider any items, which, in the opinion of the Chairman, should be dealt with as matters of urgency because of special circumstances.

(Note: such circumstances need to be clearly identified in the minutes; Councillors please notify the Chief Executive in advance of the meeting if you wish to raise a matter under this item. The Chief Executive will then consult with the Chairman).

6. To agree any items to be dealt with after the public (including the press) have been excluded. There are no items that the officers recommend should be dealt with in this way.

7. **Employment Land in A3052 Corridor**

8 - 14

To consider a presentation from Tim Western from King Sturge.

Members remember!

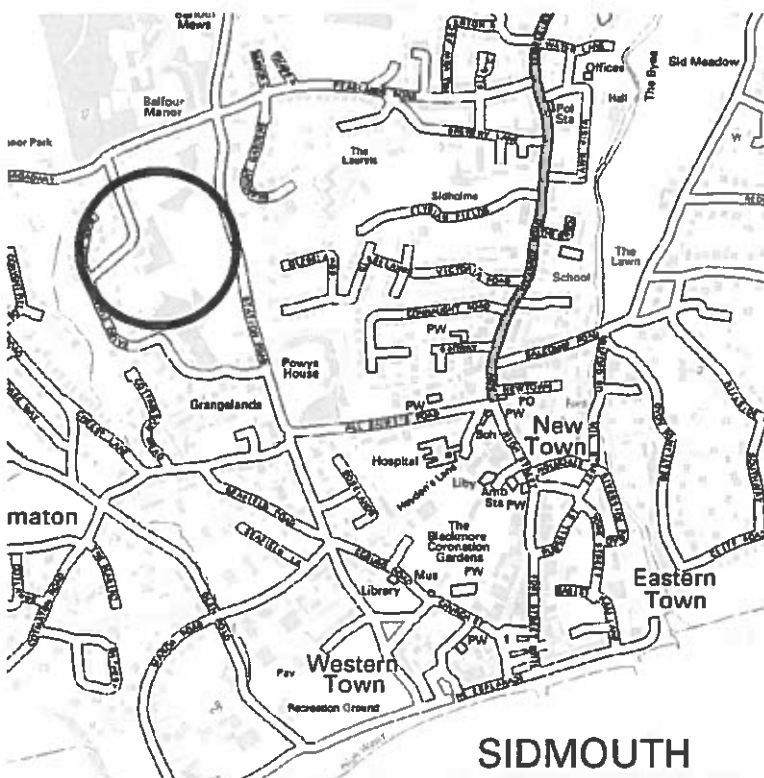
- You must declare the nature of any personal or prejudicial interests in an item whenever it becomes apparent that you have an interest in the business being considered.
- Where you have a personal interest because the business relates to or is likely to affect a body of which you are a member or manager as an EDDC nominee or appointee, then you need only disclose that interest when (and if) you speak on the item. The same rule applies if you have a personal interest in relation to a body exercising functions of a public nature.
- Make sure you say the reason for your interest as this has to be included in the minutes.
- If your interest is prejudicial you must leave the room unless you have obtained a dispensation from the Council's Standards Committee or where Para 12(2) of the Code can be applied. Para 12(2) allows a Member with a prejudicial interest to stay for the purpose of making representations, answering questions or giving evidence relating to the business but only at meetings where the public are also allowed to make representations. If you do remain, you must not exercise decision-making functions or seek to improperly influence the decision; you must leave the meeting room once you have made your representation.
- You also need to declare when you are subject to the party whip before the matter is discussed.

Suggestions for questioning during an Overview and Scrutiny meeting

Below are some prompts which may help you to form your own questions to ask at an Overview and Scrutiny meeting. Your questioning technique is crucial in creating an atmosphere conducive to open answers. Avoid excessive interrogation and treat those being questioned with courtesy and respect; however don't be afraid to ask supplementary questions if you feel that you haven't been given a clear answer.

- ❑ **IS IT REQUIRED?** (do we have this, does it make sense to tackle it, do we really need it).
- ❑ **IS IT SYSTEMS THINKING?** (is it evidence based and designed around the customer demands)
- ❑ **IS THE INTENTION CLEAR?** (what are we actually trying to achieve)
- ❑ **ANY REAL OUTCOMES?** (are we actually, and measurably, achieving things for our customers).
- ❑ **WHAT IS THE COST?** (both time and money)
- ❑ **DOES IT COMPLY?** (have we checked that it meets our obligations, the law, any formal guidance, and any Council policy or resolutions).
- ❑ **OTHERS DO WHAT?** (how do other organisations tackle this, best practice)
- ❑ **EFFECTIVE AND EFFICIENT?** (how do we know we're doing things well, in a timely fashion, and at "best value")
- ❑ **WHAT IS THE RISK?** (any areas of risk for the Council)
- ❑ **ANYONE LOSE OUT?** (are there sections of the community who might be disadvantaged by this approach, or be less able to take advantage, than others)
- ❑ **DOES IT LINK?** (have we linked this to other, similar, pieces of work within or outside the Council)

Getting to the Meeting – for the benefit of visitors



The entrance to the Council Offices is located on Station Road, Sidmouth. **Parking** is limited during normal working hours but normally easily available for evening meetings.

The following **bus service** stops outside the Council Offices on Station Road:
From Exmouth, Budleigh, Otterton and Newton Poppleford – 157

The following buses all terminate at the Triangle in Sidmouth. From the Triangle, walk up Station Road until you reach the Council Offices (approximately ½ mile).
From Exeter – 52A, 52B
From Honiton – 52B
From Seaton – 52A
From Ottery St Mary – 379, 387

Please check your local timetable for times.

The Committee Suite has a separate entrance to the main building, located at the end of the visitor and Councillor car park. The rooms are at ground level and easily accessible; there is also a toilet for disabled users.

For a copy of this agenda in large print, please contact the Democratic Services Team on 01395 517546

EAST DEVON DISTRICT COUNCIL

Minutes of a Meeting of the Economy Overview and Scrutiny Committee held at Knowle, Sidmouth on 25 February 2010

Present:

Councillors:

Iain Chubb (Chairman)
Trevor Cope (Vice Chairman)

Malcolm Florey
Graham Godbeer
Stuart Luxton

Bob Peachey
Tim Wood
Steve Wragg

Also Present

Councillors:

Paul Diviani
Jill Elson
Steve Hall
Peter Halse
Stuart Hughes

Stephanie Jones
Ann Liverton
Graham Liverton
Andrew Moulding
Helen Parr

Officers:

Karime Hassan- Corporate Director
Chris Lane – Democratic Services Officer
Tony Collins – Exmouth Town Manager
David Mears – Seaton Town Clerk

Apologies:

Councillors:

Ray Bloxham
Ben Ingham

John Jeffery

The meeting started at 6.30pm and ended at 8.45pm.

***18 Public question time**

There were no questions from the public raised at this point of the meeting.

***19 Minutes**

The minutes of the meeting of the Overview/Scrutiny – Economy Committee held on 21 January 2010, were confirmed and signed as a true record.

***20 Matters Arising**

Results of Devon wide Rural Business Survey (Minute *16 of 21 January 2010 refers)

Members discussed issues surrounding the Business Survey results, which indicated that employers had found skills shortages amongst their staff. The skills agenda for the District's economy needed attention and this was an area of the economy that the service was poorly positioned to deal with, work was being done by the Business Champion and the Economic Development Manager to map the skills required in the District and for the coming year this was where attention would be focussed. It was recognised that the Exeter and Heart of Devon Employment Skills board would have an increasing role to play in the District. There was considered a disconnection between business and skills development, which it was considered needed to be overcome for the good of business in East Devon.

***20 Matters Arising (Cont)**

Results of Devon wide Rural Business Survey (Minute *16 of 21 January 2010 refers)

Karime Hassan, Corporate Director asked members of the Committee what further action they proposed to take with regard to the resolutions arising from the last meeting of the Committee. Councillor Malcolm Florey, Member Champion for Business, reported that he was beginning to look at Skills and Skills' mapping. A letter had been sent out to major business in the District inviting them to a meeting on 24 March with Simon Witts and Nigel Harrison, to discuss the skills' agenda and it was hoped this meeting would be a first step to provide an interface with training providers and help overcome skills' shortfalls.

Members considered that it was the role of Devon County Council to provide training for young people in the 16 – 19 age groups and requested that a representative of the County Council attend a future meeting of the Committee to discuss this issue.

RESOLVED

that the Devon County Council Cabinet Member for Education be requested to attend the next meeting of the Committee to discuss how the 16 – 19 skills agenda would be taken forward in East Devon.

(Councillor Jill Elson declared a personal interest as a Governor of Exmouth Community College. Councillor Ann Liverton declared a personal interest as a Governor of Bickton College)

***21 Additional Meeting of the Committee**

The Chairman reported that an additional meeting of the Committee would be held on Thursday 25 March 2010 at 6.30pm to discuss Employment Land in the A3052 corridor, Tim Western from King Sturge would be invited to speak at this meeting. In addition, a representative of the Federation of Small Business could be invited to speak to the Committee.

***22 Economy and Development Service Plan 2010 – 2013**

Consideration was given to the Economy and Development Service plan for 2010 – 2013. Karime Hassan, Corporate Director, drew particular attention to the section on key issues to be faced in the next three years. This included the funding required for the New Growth Point Delivery team, which amounted to £300,000 per year including salaries, accommodation and operating expenses; this funding was not confirmed at present. In addition, attention was drawn to the need for locally managed workspace accommodation in Axminster, Exmouth, Honiton and Seaton.

During discussions, the following points and questions were noted:

- That it was hoped that work would start at Cranbrook in June 2010;
- Concerns over the funding for the New Growth Point Delivery team, particularly in view of the considerable amount of grant funding the team had achieved for the District Council for the New Growth project in recent years;
- Could the private sector provide managed workspace in the District?
- The importance of green issues and concerns that they did not seem to have made any progress in the Service Plan;
- The need to look at where the District Council could make the most impact for the economy of East Devon;
- Recognition of the significance of the CHP and the delivery of the first zero carbon volume housing development in the country;

*22 **Economy and Development Service Plan 2010 – 2013 (Cont)**

- The District Council should be able to invest to save, with funding for the New Growth Point Delivery Team being a good example of this.

RESOLVED

1. that the District Council's Carbon Strategy be discussed at a meeting of the Committee in the new Council year;
2. that funding for the New Growth Point Delivery team should be secured as a matter of priority for the benefit of the District Council as a whole.

*23 **Town Management arrangements in Exmouth and Seaton**

Consideration was given to the report of the Economic Development Manager on Town Management Arrangements in Exmouth and Seaton. The Chairman welcomed Tony Collins, Exmouth Town Manager and David Mears, Seaton Town Clerk to the meeting.

Members noted that the Exmouth Town Management Partnership had been a focus for successful co-operation between business, local authorities and the wider community in Exmouth since its inception in 2001/02. Through discussion with Seaton Town Council, it was hoped similar arrangements could be agreed for Seaton to promote both improvements to the town's shopping and visitor appeal and to complement the wider regeneration objectives for the town.

Tony Collins, Exmouth Town Manager reported that he had been appointed in mid 2007 given 'a blank piece of paper' as there had not been a Town Manager for the previous 18 months prior to his appointment. His first job had been to build a relationship with the 800 small businesses in Exmouth. Initially he had focussed on quick win projects and this had then led on to other work promoting the town more effectively. It was reported that a G8 group of businesspersons had been established to try to direct the future development of the town.

Members noted that there was currently a project, which was a private/public partnership, which was trying to attract high profile retailers to the town. There was a display advertising Exmouth arranged for this year's Devon County Show, which was 80% funded by local businesses.

During discussions, the following additional points and questions were noted:

- Do you see any danger of being considered as the manager of the Chamber of Trade? How much vision do you provide for Exmouth and its businesses? The job was to work closely with the business community, but to not direct the Chamber of Trade, but influence and advise them;
- The lack of financial commitment from the business community has been disappointing. Will this improve? It was still a struggle to get a financial commitment from the business community. A business levy would provide funding but the number of small businesses in the town would make this impractical;
- There were a number of businesses in Exmouth that were not financially able to contribute to the post of Town Manager. This post has been very valuable in bringing together and managing a number of different groups in Exmouth;
- A lot of energy and enthusiasm was being focussed on Exmouth through the successful post of Town Manager. How were the members of the G8 group identified? They were the people with the most money and land in the town. Those most able to influence its future direction.

***23 Town Management arrangements in Exmouth and Seaton (Cont)**

David Mears, Seaton Town Clerk, reported on the need for a Town Manager in Seaton. Businesses in the town were struggling with many shops having already closed. He had been working closely with Nigel Harrison, Economic Development Manager to get the correct management structure established for the proposed post of Seaton Town Manager. He confirmed that it would take a long time for the person appointed to become established in the town, particular in view of the peculiar difficulties of working in Seaton. The Town Council had confirmed the importance it attached to the post of Town Manager by committing funding within its budget to the post.

Councillor Stephanie Jones, Member Champion for Seaton, reported that Seaton had a dying town centre and needed the appointment of an experienced Town Centre Manager to revive it. She confirmed that businesses were closing on a weekly basis. An important job for a Town Manager was to work closely with business and community groups to help revitalise the town centre and restore a positive attitude. It would be particularly important to have a post holder in place during the regeneration works in Seaton, when there was likely to be considerable disruption in the town.

Karime Hassan, Corporate Director, reported that the District Council funding of £45,000 for the post was dependent on money being released by Tesco through Section 106 agreements.

During discussions the following additional points and questions were noted:

- Was the post of Seaton Town Manager challenging enough for a full time employee or would it be better to employ a part time person initially or to share the post with other towns?
- That the Town Manager's role was as a facilitator between the public and private sector;
- Could Seaton buy in some of the expertise of the Exmouth Town Manager? There was huge value in Exmouth and Seaton working together, which would bring the Seaton Town Manager up to speed much more quickly.

RESOLVED

1. that the proposals to facilitate closer co-operation between retailers, the local authorities and other town centre stakeholders in Seaton, through the appointment of a Town Manager be supported;
2. that the governance arrangements for active town management be devised to reflect those currently in place in Exmouth and thereby secure the engagement of private, public and community stakeholders.

(Councillor Iain Chubb declared a personal interest in this item as the owner of three shops in Seaton)

Chairman Date

Nigel Harrison Esq
Economic Development Manager
East Devon District Council
The Knowle
Sidmouth
Devon EX10 8HL

12 March 2010

Dear Nigel

EMPLOYMENT LAND & PREMISES REVIEW WESTERN SECTION OF THE A3052 CORRIDOR

You have asked for a concise overview as to our professional opinion and analysis of the current supply and demand of land and buildings in this specific area of your District.

Our observations and recommendations come as part of our ongoing involvement in the business space (office and industrial) market within East Devon. This overview reviews and takes on board the work of Devon Employment Space Strategy, EDDC, Task and Finish Forum and East Devon Employment Land Review 2006 – 2026 and updates those funding.

1. Background

The A3052 Sidmouth Road leads into junction 30 of the M5. There are key existing employment sites along the first three miles of the A3052 to the east of the motorway junction to include Langdon's Business Park, Waldron's Farm, Hill Barton Business Park and Greendale Business Park.

This 'corridor' competes in the employment floor space market with estates at Exeter Airport, Sowton in Exeter and other more outlying areas such as Woodbury and Ottery St Mary. The status and profile of the corridor has improved dramatically in the last decade and we believe that this is due to the lack of supply in competing areas; the dominance of distribution occupiers rather than manufacturing, and the improvement in the 'offer' at Greendale and Hill Barton. This corridor has been and will continue to be very important to East Devon's economy.

2. Market Commentary

- The current economic conditions have reduced considerably the level of employment space demand against levels seen in the period 2000–2006. The UK is seeing its worst recession since the 1930's but there are signs of a slow recovery.
- Increased caution from occupiers, developers and funders.
- Increased costs through legislation. (e.g. increased specification required as part of Building Regulations under Part L and separately Empty Rates Liability, which means vacant premises are charged at full rate after six months relief).
- The average size of each floor space enquiry in 2009 was much higher than in previous years due to lack of support for small businesses and also their lack of confidence. 2010 has started more brightly for small businesses and we are seeing slightly higher levels of applicant demand for accommodation sub 250 m² in size.

- Office demand (Class B1a) in the Exeter area is focused towards existing business parks like Exeter Business Park and Pynes Hill or in town developments. The level of office demand for the Exeter Airport and A3052 corridor areas is weak, although it is hoped that SkyPark, next to Exeter Airport, will as a product become the next strategic office location for the greater Exeter area.
- Our analysis of demand for the A3052 corridor is therefore focused on industrial occupiers. We believe that mainstream office occupiers would not find locations like Hill Barton or Greendale acceptable.
- There is continued decline in the manufacturing sector (Classes B1c and B2) and we are therefore seeing the majority of demand being derived from Class B8 occupiers (warehousing & distribution).
- Distribution occupiers are very concerned about their ability to access the local and regional road network.
- The majority of demand for business space in East Devon remains focused around the main centres of Honiton, Axminster, Exmouth, sites around Exeter Airport and estates along the first three miles of A3052 corridor.
- Sites and premises along the A3052 corridor continue to be of strong interest to those who had only considered estates in Exeter or Exeter Airport. Recent lettings to DHL and Lyreco at Hill Barton to and Weddel Swift at Greendale respectively prove this point.
- Occupiers are becoming increasingly 'fussy' about the provision of external space that accompanies a building. External space is used for storage, staff parking and accessibility for larger delivery vehicles.
- Current demand from the distribution sector is made up of national companies involved with food or retail distribution and local (indigenous) companies who serve / supply the local population.
- Active demand is either looking for short term leasehold commitments or alternatively looking to buy freehold.
- Occupiers want to be in premises quickly following their decision to expand / consolidate or relocate. Few can wait for new build options and those that can, are normally looking for specialist facilities (i.e. by size, configuration or a 'greener' building).
- There are good levels of demand for compound space / external storage. Most applicants are contract led, from local tradesman or utility companies (or those associated with those providers). Also there are current applicants for vehicle storage.

3. Supply

A) Land

The table below shows the sites within the Exeter Airport (The West End) area and A3052 corridor with an existing planning consent, resolution to grant planning permission or those identified in adopted or emerging Local Plans or LDFs.

Site	Size (ha)	Timescale	Serviced	Comments
Blackmore Road Hill Barton Business Park	7.5	Immediate	Yes	Given outline consent as departure to Local Plan due to perceived demand.
Greendale Business Park	6.0	Immediate / Short	Yes, partially	Given outline consent as departure to Local Plan.
Exeter Science Park	24.0	Short / Medium	No	Has outline consent. Infrastructure being added in late 2010 alongside junction 29 improvements. Restricted to Science Park use.
SkyPark	30.0	Short / Medium	No	Has outline consent subject to finalising S106. Needs Clyst Honiton bypass to fully develop. Focus on offices and high tech manufacturing. High environment standard aspirations.
Inter Modal Freight Terminal	26.4	Medium	No	Has planning consent linked to rail connection. Focus on larger scale distribution and warehousing. Needs Clyst Honiton bypass.
Land at Cranbrook	5.0	Medium / Long	No	Proposed allocation within new settlement master plan.
Waldron's Farm, Sidmouth Road	2.0	Immediate	Yes	Recent consent granted. Extension to existing small scale employment units.

In addition to this, there are other sites that are being promoted / considered suitable for employment development.

Langdon's Business Park extension	TBC	Medium / Long	No	Potential expansion of existing estate.
Langdon's Business Park extension	TBC	Medium / Long	No	Potential expansion of existing estate.
Land east of Exeter Airport Business Park	32.4	Medium	Yes, partially	Unallocated land bordering A30. Part recently received departure consent for Flybe academy and hotel (3.75 hectares). Highways improvements required.

Land Totals =	Immediate	15.5 ha	(38 acres)
	Immediate & Short / Medium & Medium	128.3 ha	(317 acres)
	Immediate, Medium & Medium / Long	133.3 ha	(329 acres)

B) Premises

We have set out below a table that shows the existing supply of second-hand floor space that is currently available in the open market. This is again restricted to the Exeter Airport and the A3052 corridor areas.

Site	Size (ft ²)	Tenure	Type
Unit 2B Hill Barton Business Park	6,986	LH	1990s high bay warehouse on manufacturing unit with yard.
Unit 1 Clyst Court, Hill Barton	6,109	LH	Modern mid terraces industrial building. Shared parking.
Unit 1 Lancaster Court Exeter Airport	3,846	LH	Modern mid terraced industrial / warehouse building fronting A30.
Unit 4 Fair oak Close Exeter Airport	3,076	LH	1980s light industrial unit. Low eaves height.
Newberry House Exeter Airport	3,022	LH	Converted industrial building now offices. Good parking provision.
Units 8 & 9 Skyways Exeter Airport	2,077	LH	1990s units part of larger multi let building.

4. Demand Profile

From our day to day dealings with the area, we note that current demand is emanating from:

- Medium to large scale food distribution 20,000 – 400,000 ft² (i.e. regional and national companies requiring good access to M5 and A30 / A35 and also high levels of external yard space for large goods vehicle circulation / parking).
- Niche manufacturing companies with locally based management 10,000 – 40,000 ft². (i.e. indigenous Exeter, Cullompton, Honiton or Exeter Airport companies that are not exposed to the global manufacturing decline and who are specialist or highly skilled / innovative).
- Utility company suppliers sub 10,000 ft² with secure external storage compounds up to 2 acres (i.e. national and local companies who are delivering specific civil engineering contracts needing a local administration base, secure storage and vehicle parking).
- Medium sized distribution 7,500 – 15,000 ft² (i.e. retailers, parcel companies or third party logistics companies needing a sub regional depot).
- Small scale service related companies with larger, external storage requirements. Sub 3,000 ft² on a 0.25 – 1.0 acre site, (e.g. those local businesses that repair commercial vehicles are timber merchants or distribute other building materials).

The noticeable sector that is absent from the above list is the small scale traditional manufacturing and distribution companies that have dominated the business space demand profile in the last 30 years, this is largely due to underlying caution and lack of support from banks and other funders.

As stated above, mainstream office occupiers do not regard the A3052 corridor (excluding Winslade Park, which is adjacent to junction 30) as an acceptable location and therefore demand is focused on industrial floor space occupiers.

5. Development Viability

The key components to assessing whether a development is economically viable are:

- a) Sales value per ft² or capitalised rental per sq ft.
- b) Build cost per ft² (including contingencies).
- c) Infrastructure and utilities provision (the cost of servicing the site).
- d) Professional fees (including planning costs).
- e) Finance costs.
- f) Time taken to sell or rent the accommodation.
- g) Required profit level or inherent land value.
- h) Other costs (e.g. off site highways or other section 106 costs).

To calculate the sort of levels needed to make an industrial development viable on land in East Devon, we have prepared a model appraisal and inserted a serviced land value of £150,000 per net acre. Using current industry norms for build costs, fees and finance and assuming no other costs, we calculate that the sales value needs to be in excess of £94 per ft² to make the required profit on cost of 20%. This can also be viewed on an investment basis as £7.85 per ft² per annum and an initial yield of 8.25%.

These levels have never been achieved in the East Devon market and the only deals approaching those high levels have been achieved at certain developments towards the west of the District. It is therefore very difficult to create a viable development position and why, currently, there is very little speculative development taking place. The position is compounded by reduced public sector financial assistance and caution from funders.

In the absence and scarcity of new build opportunities, active demand will take up 'inferior' second hand space (if available) or alternatively delay their move / expansion, which is unhealthy for the local economy.

6. Demand Profile vs. Supply

The west of the District is well positioned to cater for the 'high end', office users (SkyPark), manufacturers (SkyPark), distributors (IMFT) and science-related occupiers (Science Park), assuming that those sites come forward within the short – medium term (i.e. 1 – 3 years).

The recent departures granted to the Hill Barton and Greendale Business Parks have given the locality the opportunity to expand and improve. These sites are particularly suited to medium – large sized occupiers seeking cost-effective and early new build options. We understand that the expansion land at both sites will be primarily targeted at leasehold design and build options.

In terms of existing second hand supply, there is, currently, a scarcity of industrial accommodation below 2,000 ft² in size and little above 7,500 ft². Between these figures there is a healthy supply of options relative to current market take up rates as shown in Section 3B above. Notably, all of the existing vacant stock is leasehold only.

There are no external storage facilities available in the market. The external storage compounds at both Greendale and Hill Barton are currently at 100% occupancy.

7. Conclusions

- The A3052 corridor and Exeter Airport areas have raised their profile in the last decade in terms of employment space demand.
- Occupiers are now more footloose and will look at a 10 – 15 mile radius from junction 30 of the M5 to therefore include Cullompton, Willand, Heathfield, A3052 corridor, Exeter Airport and Honiton.

- The locations along the first three miles of A3052 are logistically accessible to mainstream distribution operators but not historically or likely in the short term to be of interest to mainstream office occupiers.
- The location has potentially a very large supply of employment land, the majority of which is found within 'strategic' sites around Junction 29 and Exeter Airport.
- There is a lack of supply of immediately developable land or building options in Exeter, Heathfield, Newton Abbot, Cullompton or Honiton. There is an opportunity for the District to create employment growth.
- The demand profile for business space in the locality has changed over the last 2 – 3 years, compounded by downturn in the macro economy. The table below shows which sectors are currently active and those that are not.

Strong demand from:	Weak demand from:
Medium sized food distribution Large scale food distribution Open storage users Medium sized niche manufacturing Medium sized distribution with large yards	Small scale distribution Mainstream manufacturing Small scale manufacturing Large scale manufacturing

- Office occupiers and 'high end' occupiers are able to pay higher land values, prices or rents than those at other end of the scale, who are local businesses many of whom are involved with open storage. This is why the District needs to cater for all types of occupiers and their specific spatial and economic needs.
- The current economics of developing industrial units is making many new build schemes unviable. This issue will hinder considerably the introduction of new 'stock' into the supply chain. This puts more responsibility on the extension to existing estates where infrastructure has already been put in and paid for. There will also be pressure from occupiers to reduce their build specification.
- In this economic climate, occupiers and developers wishing to improve employment opportunities should be welcomed and supported.
- It is important for the continued growth of East Devon as a District that the existing employment activities along the A3052 corridor and around the Airport are protected, enhanced, intensified and where feasible expanded.

We trust that the above provides you with our professional recommendations and should you require further comment or have any queries, please do not hesitate to contact me.

Yours sincerely



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